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ABSTRACT

This report summarizes results from the Higher Education Services Office's 2001 survey of financial aid received by undergraduates attending Minnesota postsecondary institutions. Undergraduates attending Minnesota postsecondary institutions in fiscal year (fy) 2001 used $1.2 billion in grants, education loans, and earnings from work study jobs to pay for postsecondary education. In addition, students and families used money from current income, family and student savings, and other private funds. Grants from all sources totaled $529 million in 2001, up 13% from fy 1999. Grants from postsecondary institutions and private sources increased by 19%. The amount of Pell Grant assistance increased by 9%, and Minnesota State Grant assistance increased by 6%. The number of undergraduates who received Pell Grants decreased by 5%, and the number receiving Minnesota State Grants increased by 6%. Overall student borrowing by undergraduates increased by 15%, faster than tuition or personal income. Much of the 15% increase in borrowing from 1999 to 2001 occurred in the state's Student Educational Loan Fund (SELF) program. The increase in total borrowing was similar to that seen in the United States as a whole, but loans make up a smaller portion of the total of grants and loans for Minnesota undergraduates than they do nationally. (Contains 11 figures.) (SLD)

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ED 467 771

Highlights of Financial Aid Awarded Survey, 2001

Grants, Loans, and Earnings from Work Study Jobs Received by Undergraduates Attending Minnesota Post-Secondary Institutions, Fiscal Year 2001

Prepared by:
Staff of the Minnesota Higher Education Services Office

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Executive Summary

This report summarizes results from the Higher Education Services Office's 2001 survey of financial aid received by undergraduates attending Minnesota post-secondary institutions.

Undergraduates attending Minnesota post-secondary institutions in Fiscal Year 2001 used $1.2 billion in grants, education loans, and earnings from work study jobs to pay for post-secondary education. In addition, students and families used money from current income, family and student savings and other private funds.

Grants from all sources totaled $529 million in 2001 — up 13 percent from Fiscal Year 1999. Grants provided by post-secondary institutions and private sources increased by 19 percent. The amount of Federal Pell Grant assistance increased by 9 percent, and Minnesota State Grant assistance increased by 6 percent. The number of undergraduates attending Minnesota institutions who received Federal Pell Grants decreased by 5 percent from 1999 to 2001. The number of undergraduates who received Minnesota State Grants increased by 6 percent from 1999 to 2001.

Overall student borrowing by undergraduates increased by 15 percent – faster than tuition or personal income. The rate of increase in student borrowing was greater than the rate of increase in tuition and required fees from Fiscal Year 1999 to 2001. Tuition increased by 6 percent at the University of Minnesota and 9 percent at MnSCU institutions and private four-year institutions. Personal income per capita increased 6 percent from 1999 to 2001.

This pattern is not new. Borrowing has increased faster than tuition and personal income from Fiscal Year 1987 to 2001. Undergraduate borrowing nearly tripled from 1987 to 2001, while tuition at the University of Minnesota increased by 152 percent. Tuition at Minnesota State Colleges and Universities doubled from 1987 to 2001. Personal income per capita doubled from 1987 to 2001.

Much of the 15 percent increase in borrowing from 1999 to 2001 occurred in the state's Student Educational Loan Fund (SELF) program. The amount borrowed from SELF increased by 43 percent while the amount borrowed from federal student loan programs increased by 9 percent.

The increase in total borrowing by Minnesota undergraduates was similar to the increase in student borrowing nationally. Between Fiscal Years 1999 and 2001, student borrowing

increased by 15 percent in Minnesota compared to 14 percent nationally. However, loans make up a smaller portion of the total of grants and loans for Minnesota undergraduates than they do nationally. For Minnesota undergraduates, student loans were 51 percent of the total of grants and loans in Fiscal Year 2001, compared to 56 percent nationally.

In addition to loans taken out by students, in Fiscal Year 2001, 8,700 parents borrowed $51 million in Federal Parent Loans for Undergraduate Students (PLUS). PLUS borrowing increased by 21 percent, and the number of families with PLUS loans increased by 11 percent from 1999 to 2001.

Table 1. Financial Aid by Type (in Millions)

	1987	1989	1991	1993	1995	1997	1999	2001
Grants	$227	$258	$301	$367	$364	$403	$470	$529
Student Loans	$188	$207	$243	$281	$375	$420	$483	$555
Parent Loans	$4	$7	$13	$17	$26	$42	$42	$51
Work Study Earnings	$21	$20	$25	$27	$29	$30	$34	$36
Total	$440	$492	$582	$692	$795	$895	$1,029	$1,171

Table 2. Financial Aid by Source (in Millions)

	1987	1989	1991	1993	1995	1997	1999	2001
Federal	$284	$322	$363	$419	$512	$566	$594	$649
State	$91	$96	$127	$146	$138	$137	$196	$231
Institution	$49	$60	$77	$106	$123	$164	$188	$235
Private and Other	$15	$14	$15	$21	$22	$29	$51	$55
Total	$440	$492	$582	$692	$795	$895	$1,029	$1,171

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Introduction

The Higher Education Services Office conducted a survey to examine non family sources of financial assistance for undergraduates attending post-secondary institutions in Minnesota during Fiscal Year 2001. The survey included information from Higher Education Services Office records and from a questionnaire completed by financial aid directors at Minnesota post-secondary institutions. This survey has been conducted once every two years since 1987.

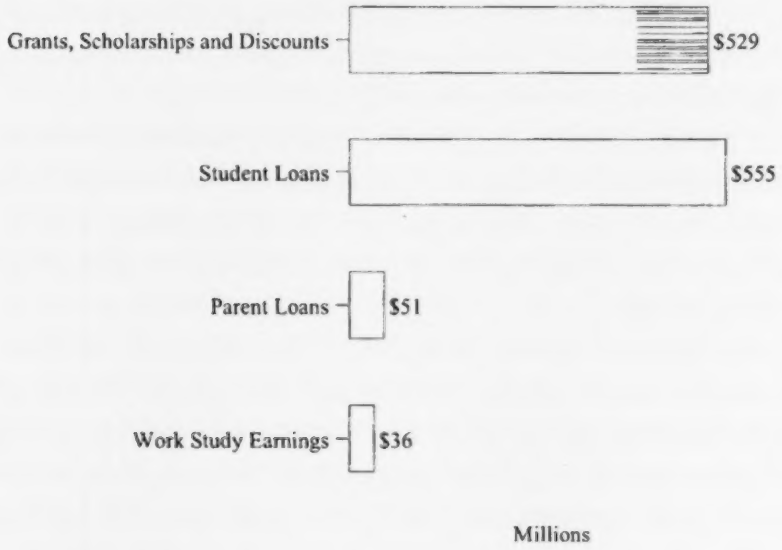
In Fiscal Year 2001, undergraduates received $529 million in grants to help pay for post-secondary education, as shown in Figure 1. In the same year, undergraduates and their families borrowed $555 million in student loans and $51 million in parent loans. Students also earned $36 million in state and federal work study jobs. Undergraduates and their families paid for the rest of their education and living expenses from current income, family and student savings, and other private sources.

Structure of the Report

This report has five sections including information about:

- Grants and scholarships
- Student and parent loans
- Undergraduate earnings from state and federal work study jobs
- Information on how to obtain the detailed survey results in ***Financial Aid Awarded, Fiscal Year 2001.***

Figure 1. Types of Financial Aid Received by Undergraduates Attending Minnesota Post-Secondary Institutions, 2001



Source: Minnesota Higher Education Services Office

Grants

Minnesota undergraduates received $529 million in grants, scholarships and tuition discounts in Fiscal Year 2001. The $529 million in 2001 compared to $470 million in Fiscal Year 1999. Of the $529 million in grants in 2001, the largest portion, $262 million, came from post-secondary institutions and private sources. In addition, $136 million came from the federal government, and $131 million from the state of Minnesota, as shown in Figure 2.

Institution and Private Grants

Grants and scholarships provided by post-secondary institutions, private donors and other sources were a major source of discounts to students' price of attendance. Institution, private and other grants provided $262 million in Fiscal Year 2001. The $262 million was a 19 percent increase over the $221 million students received in Fiscal Year 1999. The amount of institution, private and other grants in 2001 was more than four times the $61 million in grants undergraduates received from institutions, private and other sources in 1987.

Within the $262 million of institution and private grants, institutions provided $233 million in grants to students in Fiscal Year 2001.[1] Students received $29 million in grants and scholarships from private sources such as service clubs, labor unions, and private foundations. Students received $600,000 in grants from other sources in Fiscal Year 2001. Grants from other sources are grants that do not fit one of the categories of federal, state, institution or private grants. The increase in institution and private grants at four-year institutions is shown in Figure 3.

Students attending four-year institutions received larger amounts of institution, private, and other grants than those attending two-year institutions, as shown in Table 3. In Fiscal Year 2001, students attending MnSCU two-year colleges received $6 million in institution and private grants, and students attending private two-year institutions received $1 million in institution and private grants. In contrast, students attending MnSCU four-year institutions received $14 million in institution and private grants, students attending University of Minnesota campuses received $36 million, and students attending private four-year institutions received $205 million in institution, private, and other grants.

[1]Institution grants include scholarships, discounts, tuition waivers and gift aid.

Table 3. Institution and Private Grants by Sector (in Millions)

	1987	1989	1991	1993	1995	1997	1999	2001
MnSCU Two-Year Colleges	$2	$3	$2	$4	$3	$4	$3	$6
Private Two-Year Institutions	$1	$1	$1	$1	$3	$1	$2	$1
MnSCU Four-Year Universities	$4	$4	$7	$9	$7	$10	$11	$14
University of Minnesota	$11	$13	$13	$17	$19	$27	$31	$36
Private Four-Year Institutions	$42	$53	$67	$92	$109	$144	$174	$205
Total	$61	$73	$90	$124	$142	$186	$221	$262

The National Centers for Education Statistics collect information on the percentage of first time, full time students at each institution who receive institution grants, and the average amount received. For academic year 1999-2000, University of Minnesota campuses reported providing an average of $2,500 in institution grants to 43 percent of full time, first year students (these figures are an average for the four campuses, weighted by the number of first year, full time students at each campus). MnSCU four-year universities provided an average of $1,500 in institution grants to 20 percent of the first year, full time students. Private four-year institutions provided an average of $5,900 to 85 percent of first year, full time students. In addition to providing grants to students with financial need, institutions may offer discounts to manage the size of their enrollments or to attract "students with certain academic characteristics, students who are members of certain honor societies, or students from certain geographic areas." *("Tuition Discounting," NACUBO Business Officer*, February 2002)

Federal Grants

The federal government generally targets grant aid to students from low and moderate income families.

Federal Pell Grants

The largest federal grant program is the Federal Pell Grant Program. The Federal Pell Grant Program provided $112 million to 61,500 undergraduates attending Minnesota post-secondary institutions in Fiscal Year 2001. The $112 million was a 9 percent increase from the $103 million received in Fiscal Year 1999. The change from 64,700 recipients in 1999 to 61,500 recipients in 2001 was a 5 percent decrease. The maximum Federal Pell Grant award increased by 10 percent from 1999 to 2001, from $3,000 to $3,300.

Other Federal Grants

Minnesota undergraduates received $19 million in Supplemental Educational Opportunity Grants (SEOG) and $5 million in other federal agency grants in Fiscal Year 2001.

State Grants

The state of Minnesota also invests most of its grant money in low and moderate income students, primarily through the Minnesota State Grant Program.

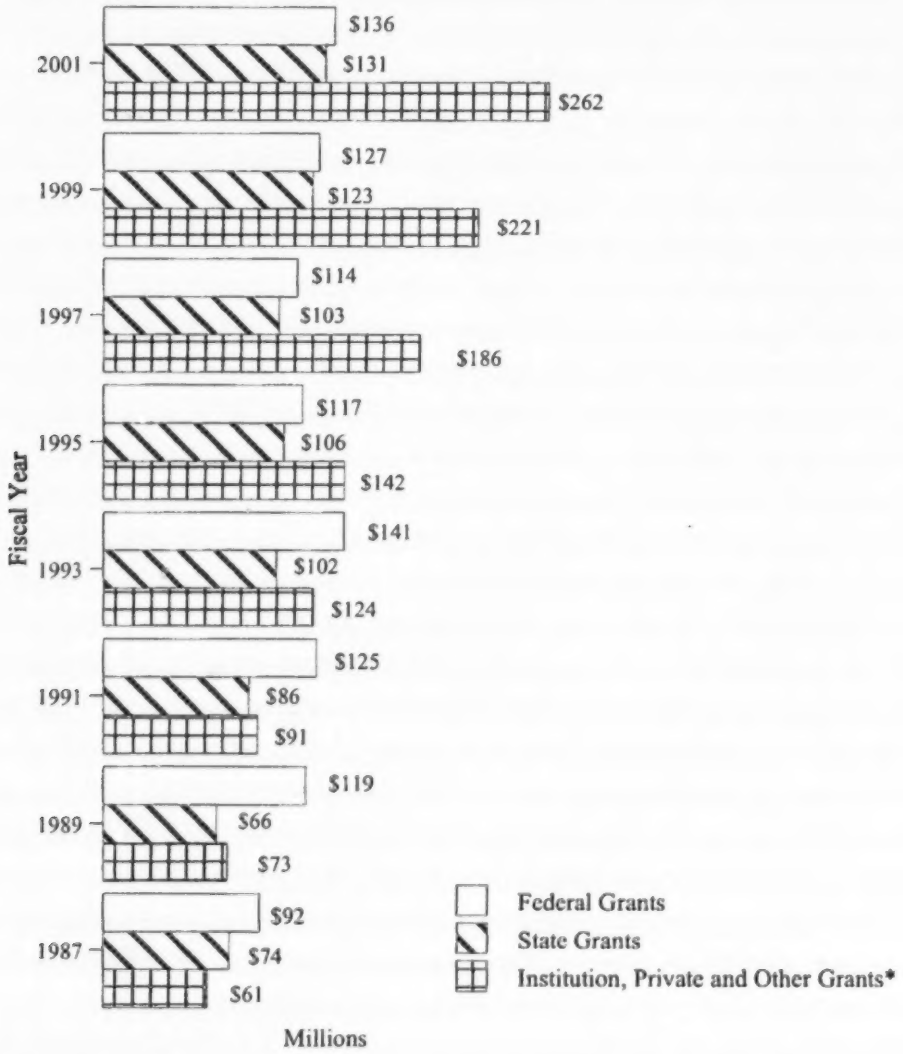
Minnesota State Grant Program

About 65,300 students attending Minnesota post-secondary institutions as undergraduates received $116 million in Minnesota State Grants in Fiscal Year 2001, a 6 percent increase from the 61,600 students who received $109 million in Minnesota State Grants in Fiscal Year 1999. Overall fall headcount enrollment in Minnesota post-secondary institutions increased by 2 percent from fall 1998 to fall 2000.

Other State Grants

Minnesota undergraduates received $4.4 million in Post-Secondary Child Care Grants, $40,000 in grants to the survivors of safety officers killed in the line of duty, and $11.9 million in grants from other local and state agencies in Fiscal Year 2001. The amounts that undergraduates received from each grant program are shown in Figure 4.

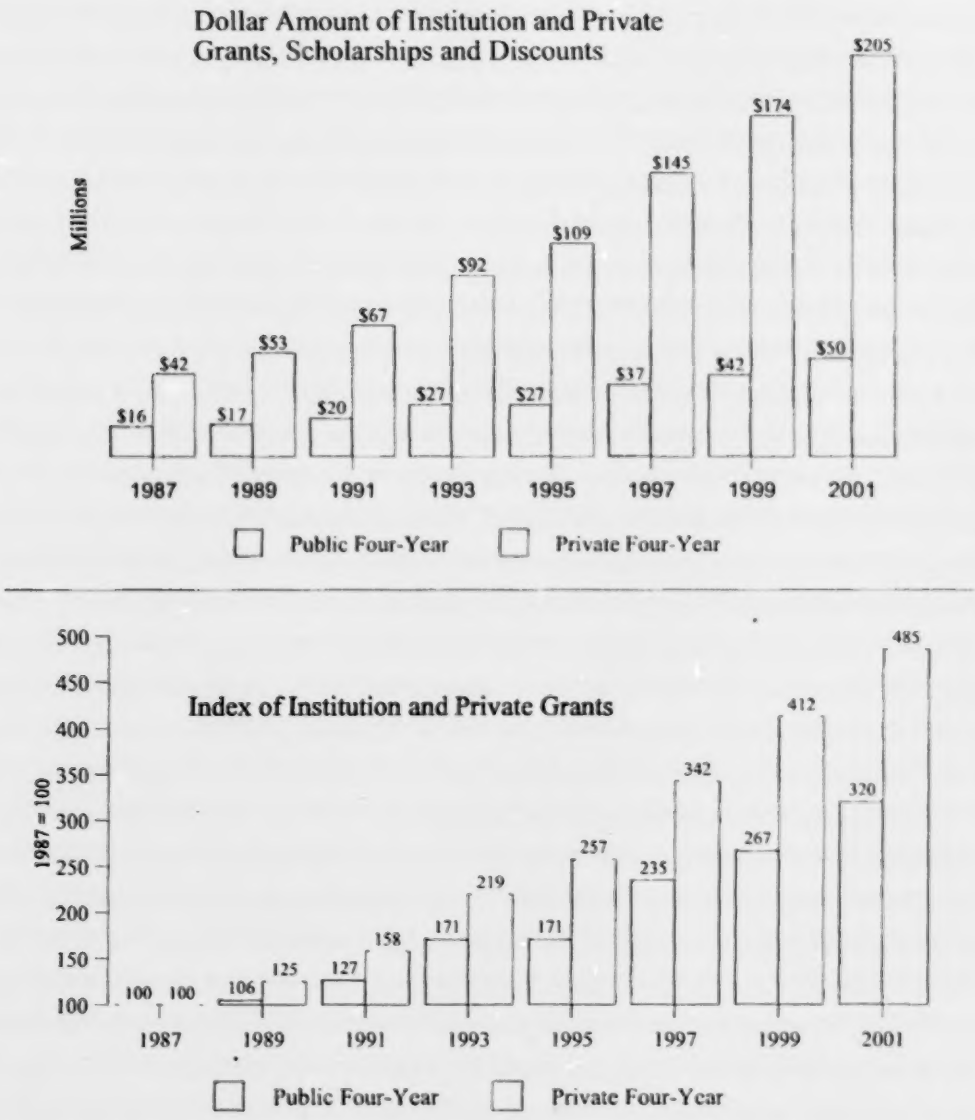
Figure 2. The Mix of Grants Has Changed Over Time



*Institution, Private, and Other Grants include grants, scholarships, discounts and waivers. These grants may be funded by institutions, private donors or others.

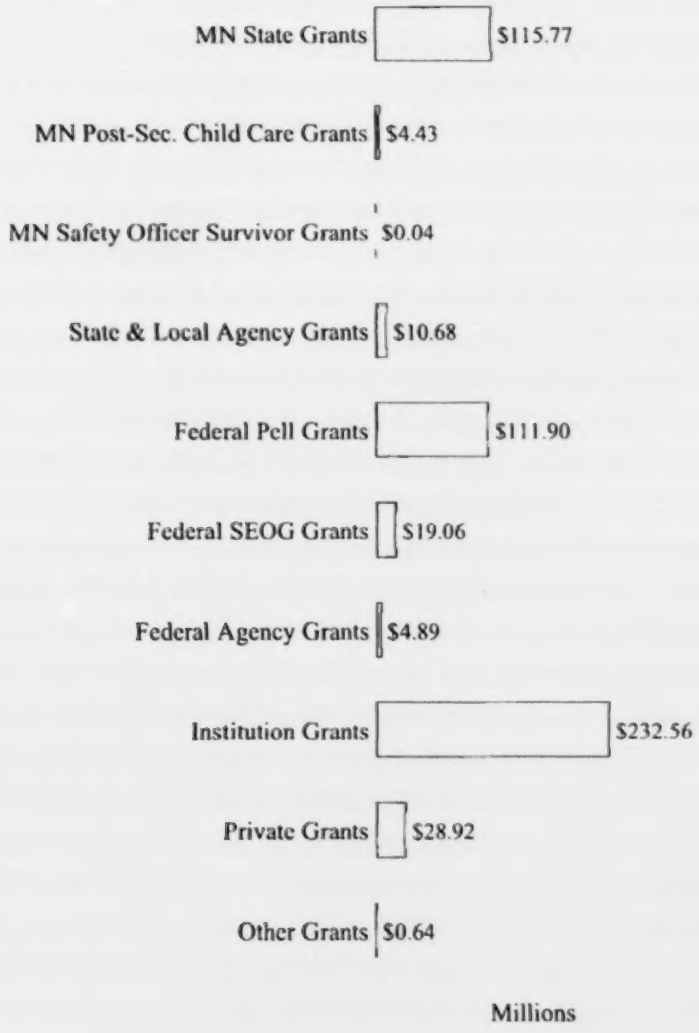
Source: Minnesota Higher Education Services Office

Figure 3. Institution and Private Grants at Four Year Institutions Increased



Source: Minnesota Higher Education Services Office

Figure 4. Grant Amounts Received by Undergraduates by Program, 2001



Source: Minnesota Higher Education Services Office

Loans

Loans enabled students and their parents to defer paying $606 million until after the student was no longer attending post-secondary education.

Student Loans

Students used loans from federal, state, post-secondary institution, private, and other sources. Overall, undergraduate student loans increased by 15 percent from Fiscal Year 1999 to 2001. Although loans have increased every time the survey has been conducted, the increase from 1993 to 1995 was the largest increase.

Federal Loans

The largest loan programs were the Federal Stafford Loan Programs.[2] One hundred institutions participated in the Federal Stafford and Federal Ford Direct Stafford Loan Programs in Fiscal Year 2001 (18 institutions did not participate in federal loan programs). Federal Stafford and Federal Ford Direct Stafford loans have similar interest rates, and their other terms and conditions are similar.

Federal Stafford Loan Programs

Undergraduates at 82 Minnesota institutions borrowed from private lenders through the federally guaranteed Stafford Loan Program, part of the Federal Family Education Loan (FFEL) family of programs. The federal government subsidized the interest if market rates exceeded the rate the student paid. The Federal Stafford Loan Program included subsidized and unsubsidized loans.

Federal Ford Direct Stafford Loans

Students at 20 Minnesota institutions borrowed through the Federal Ford Direct Stafford Loan Program. Students obtained the loans at their post-secondary institutions. The federal government provided loan capital, rather than private lenders. Federal Ford Direct Stafford Loans also included subsidized and unsubsidized loans.

[2]These included Federal Stafford Subsidized Loans, Federal Stafford Unsubsidized Loans, Federal Ford Direct Stafford Subsidized Loans, and Federal Ford Direct Stafford Unsubsidized Loans.

Increase in Federal Student Loan Borrowing

Student borrowing by Minnesota undergraduates from federal loan programs increased by 9 percent from Fiscal Year 1999 to 2001, as shown in Figure 5. The 9 percent increase compares to an increase of 45 percent from Fiscal Year 1993 to 1995 and 3 percent from 1997 to 1999.

Changes in federal legislation in 1992 contributed to the increase in student borrowing by expanding eligibility and increasing borrowing limits. Many of the changes took effect in Fiscal Year 1994.

Rate of Increase in Student Borrowing Was Greater Than Rate of Increase in Tuition and Personal Income

Overall student borrowing by undergraduates increased by 15 percent – faster than tuition or personal income. The rate of increase in student borrowing was greater than the rate of increase in tuition and required fees from Fiscal Year 1999 to 2001. Tuition increased by 6 percent at the University of Minnesota and 9 percent at MnSCU institutions and private four-year institutions. Personal income per capita increased 6 percent from 1999 to 2001.

This pattern is not new. Borrowing has increased faster than tuition and personal income from Fiscal Year 1987 to 2001. Undergraduate borrowing nearly tripled from 1987 to 2001, while tuition at the University of Minnesota increased by 152 percent. Tuition at Minnesota State Colleges and Universities doubled from 1987 to 2001. Personal income per capita doubled from 1987 to 2001. These comparisons are shown in Figure 6.

Increase in Loans Was Less in Minnesota Than Nationally

The increase in borrowing by Minnesota undergraduates also can be compared to the increase in student borrowing nationally. Nationally, students increased the amount they borrowed from $10.2 billion in Fiscal Year 1987 to $38.7 billion in 2001, an increase of 280 percent. In Minnesota, the increase was from $188 million in 1987 to $555 million in 2001, an increase of 195 percent — smaller than the national increase, but still a large increase, as shown in Figure 7.

Loans as a Portion of the Package of Grants and Loans

For Minnesota undergraduates, student loans were 51 percent of the total of grants and loans in Fiscal Year 2001, compared to 56 percent nationally, as shown in Figure 8.

Other Federal Student Loans

Minnesota undergraduates borrowed $25 million in Federal Perkins Loans and about $3 million in federal agency loans in Fiscal Year 2001. The amounts that undergraduates in Minnesota borrowed from each loan program are shown in Figure 9.

State Loan Program

Minnesota operates one state loan program, the Student Educational Loan Fund (SELF) Program.

Student Educational Loan Fund (SELF) Loans

About 24,300 undergraduates attending Minnesota institutions borrowed $83 million in SELF loans in Fiscal Year 2001 — a 39 percent increase in the number of undergraduate borrowers and a 43 percent increase in the amount borrowed from 1999 to 2001. The amount of SELF borrowing in 2001 was nearly 8 times the amount borrowed in 1987, while the amount of federal guaranteed student loan borrowing more than doubled, as shown in Figure 10.

A major reason for the increase in SELF borrowing after 1997 was a change in the way the annual borrowing limits were calculated. In Fiscal Year 1999, the SELF program no longer reduced SELF loan eligibility if borrowers were eligible to borrow subsidized federal Stafford student loans. In addition, the SELF program no longer subtracted private loans from SELF borrowing limits.

Post-Secondary Institution Loans

Institution loans were loans funded by capital controlled by post-secondary institutions. Undergraduates borrowed about $3 million in institution loans in Fiscal Year 2001.

Loans Made by Private and Other Lenders

Undergraduates borrowed about $25.5 million in private loans in Fiscal Year 2001, 64 percent more than the amount borrowed in 1999. While the increase in private loans from 1999 to 2001 was rapid, private loans represented only 5 percent of the total amount undergraduates at Minnesota institutions borrowed in 2001.

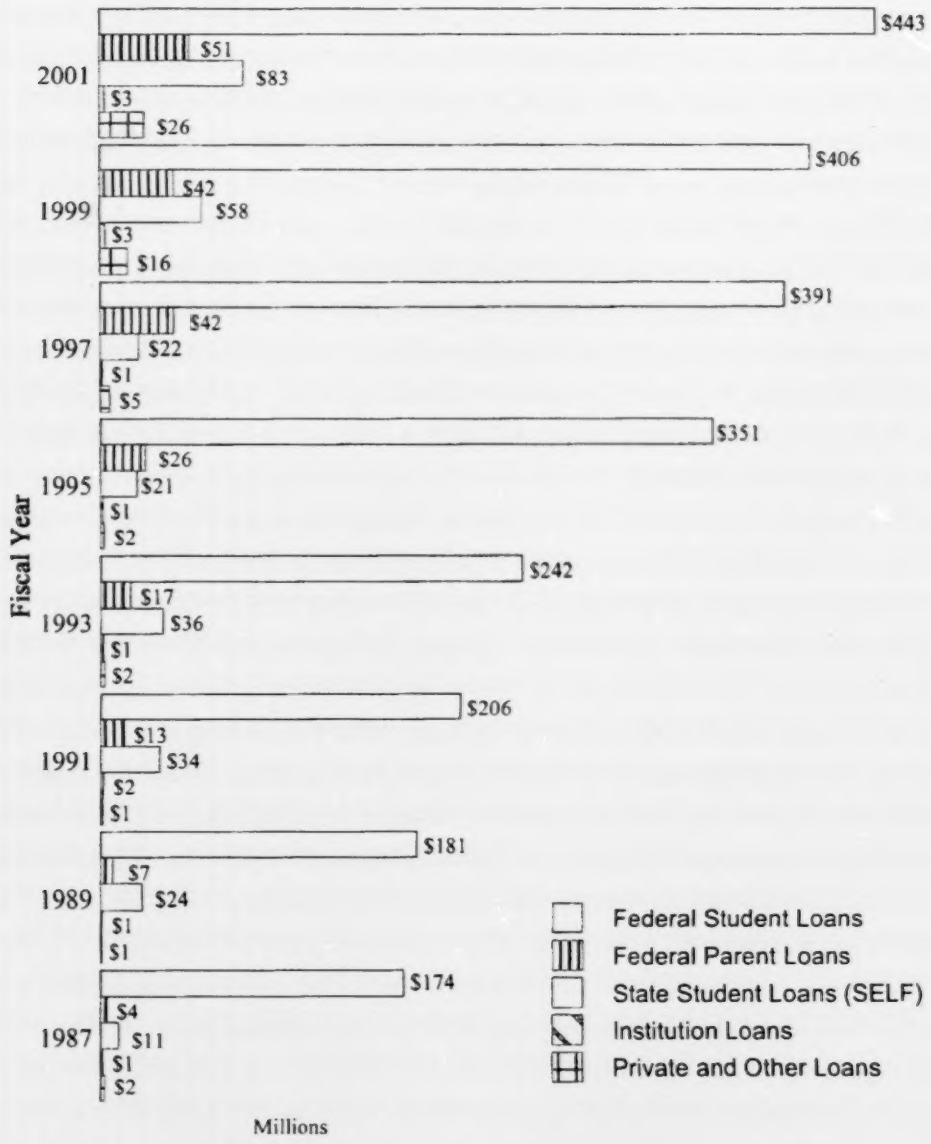
Loans from other sources are loans that do not fit one of the categories identified above. Undergraduates borrowed about $293,000 in loans from other sources in 2001 compared to about $70,000 in 1999.

Parent Loans (PLUS)

The **Federal Parent Loan for Undergraduate Students (PLUS) Program** is designed for parents of undergraduate students. Parents of Minnesota undergraduates borrowed $51 million in PLUS loans in Fiscal Year 2001, an increase of 21 percent from 1999. The number of families that borrowed PLUS loans increased by 11 percent, from 7,800 in 1999 to 8,700 in 2001. The amount of PLUS borrowing in 2001 was more than 14 times the $4 million borrowed in 1987. Parent borrowing in the PLUS program was about one-tenth as large as the amount of student loan borrowing from federal loan programs.

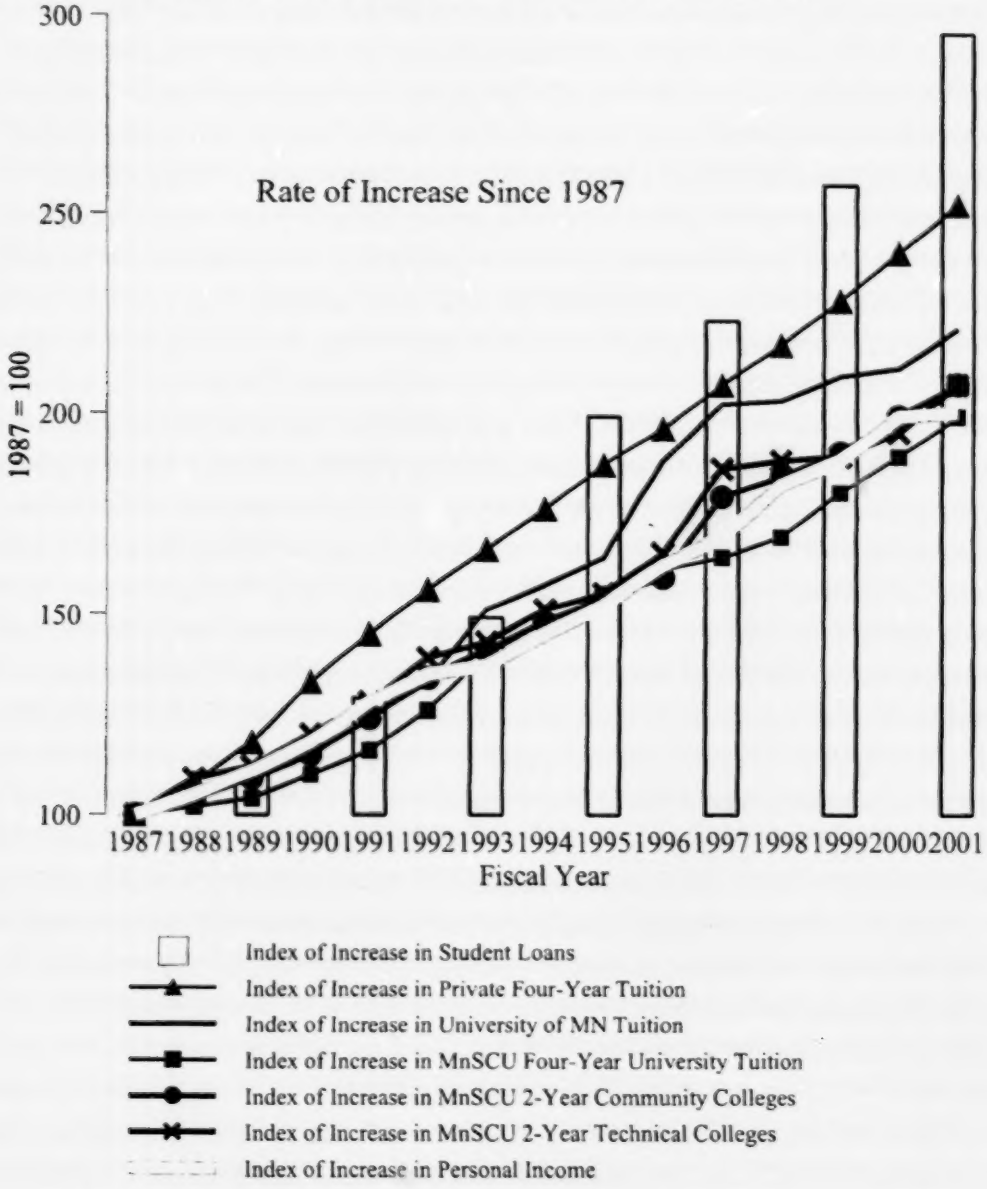
The amount of loans secured by second mortgages, lines of credit or other loans to parents is not known.

Figure 5. Undergraduate Borrowing Increased



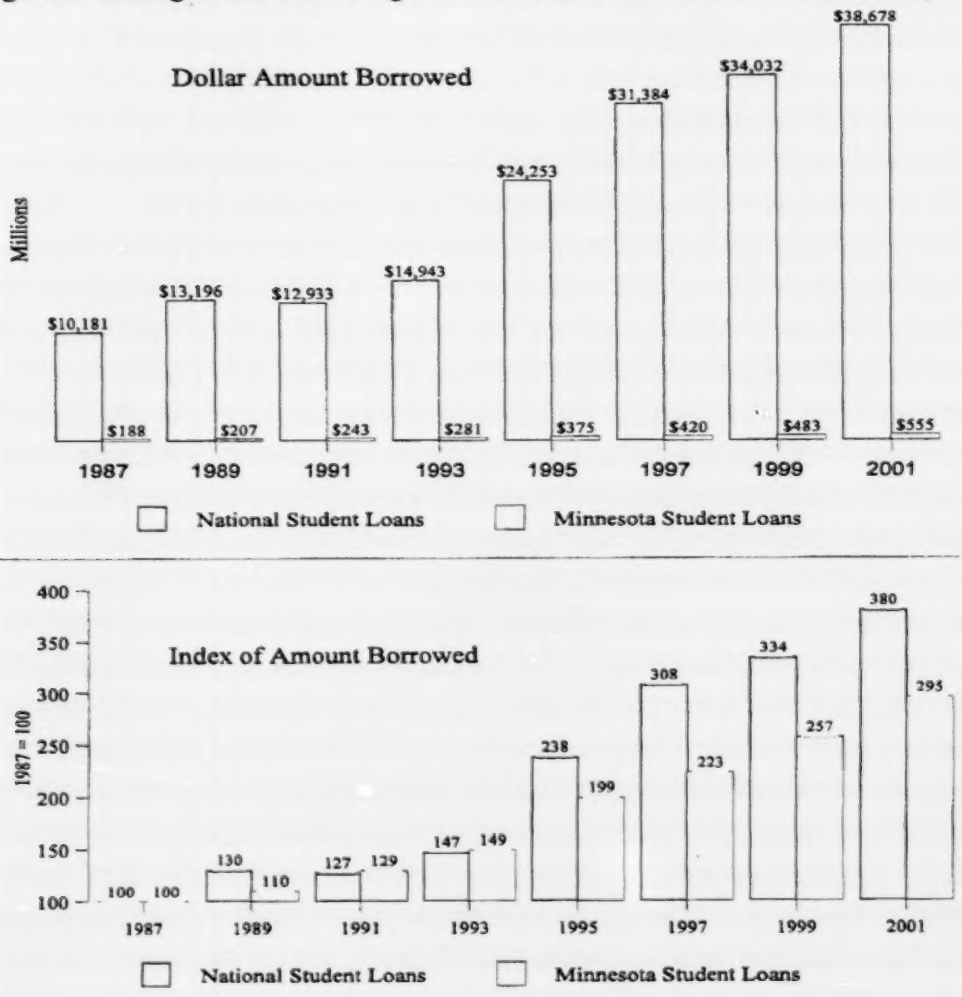
Source: Minnesota Higher Education Services Office

Figure 6. Undergraduate Borrowing Increased More Than Tuition and Income


Rate of Increase Since 1987
1987 = 100
300
250
200
150
100
1987 1988 1989 1990 1991 1992 1993 1994 1995 1996 1997 1998 1999 2000 2001
Fiscal Year
Index of Increase in Student Loans
Index of Increase in Private Four-Year Tuition
Index of Increase in University of MN Tuition
Index of Increase in MnSCU Four-Year University Tuition
Index of Increase in MnSCU 2-Year Community Colleges
Index of Increase in MnSCU 2-Year Technical Colleges
Index of Increase in Personal Income

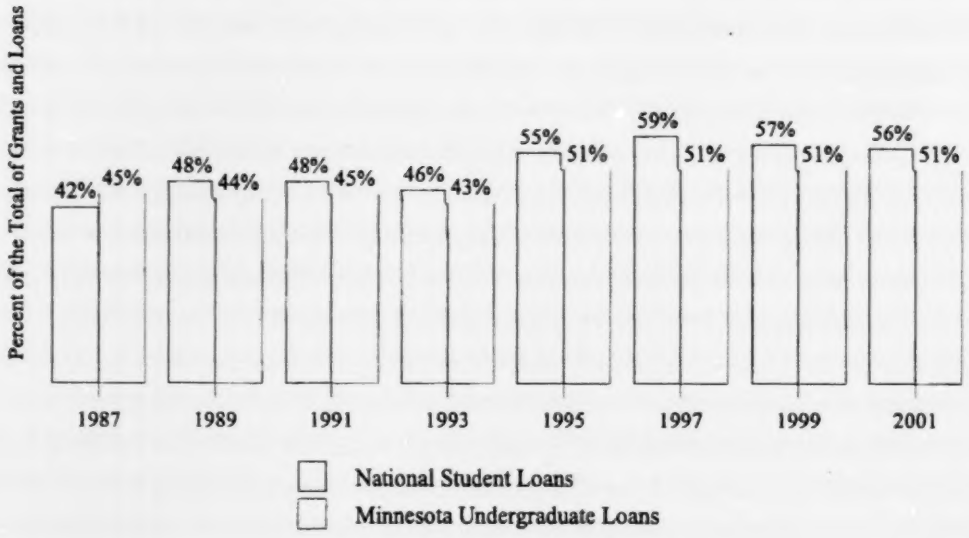
Source: Minnesota Higher Education Services Office

Figure 7. Undergraduate Borrowing Increased Less in Minnesota Than Nationally



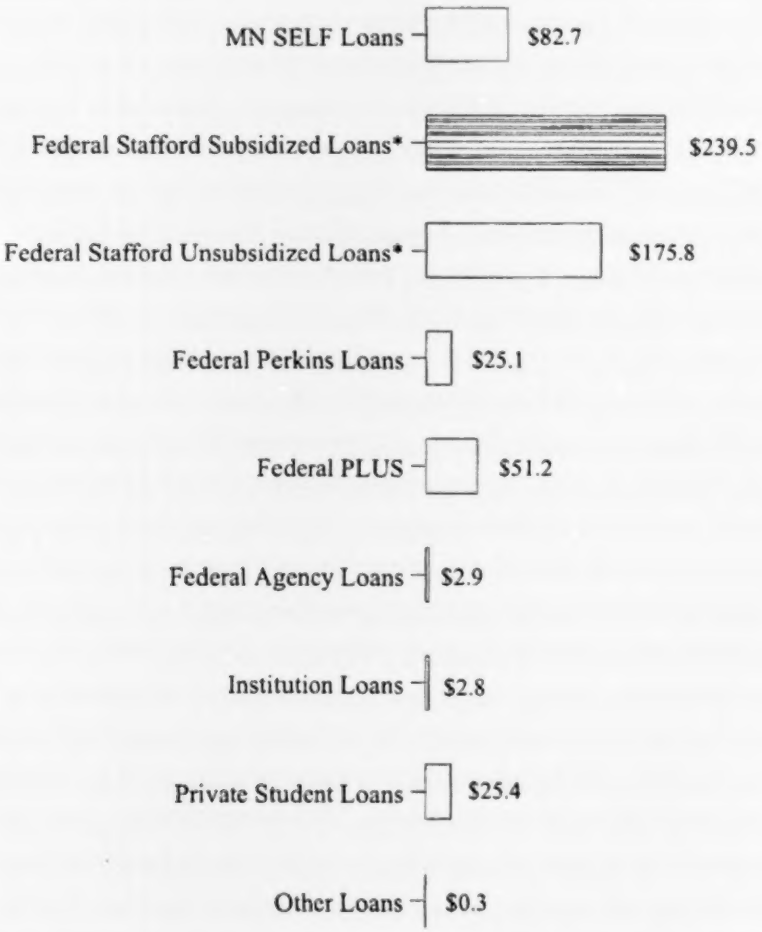
Source: College Board and Minnesota Higher Education Services Office

Figure 8. Loans Were a Smaller Portion of the Total of Grants and Loans in Minnesota Than Nationally



Source: College Board and Minnesota Higher Education Services Office

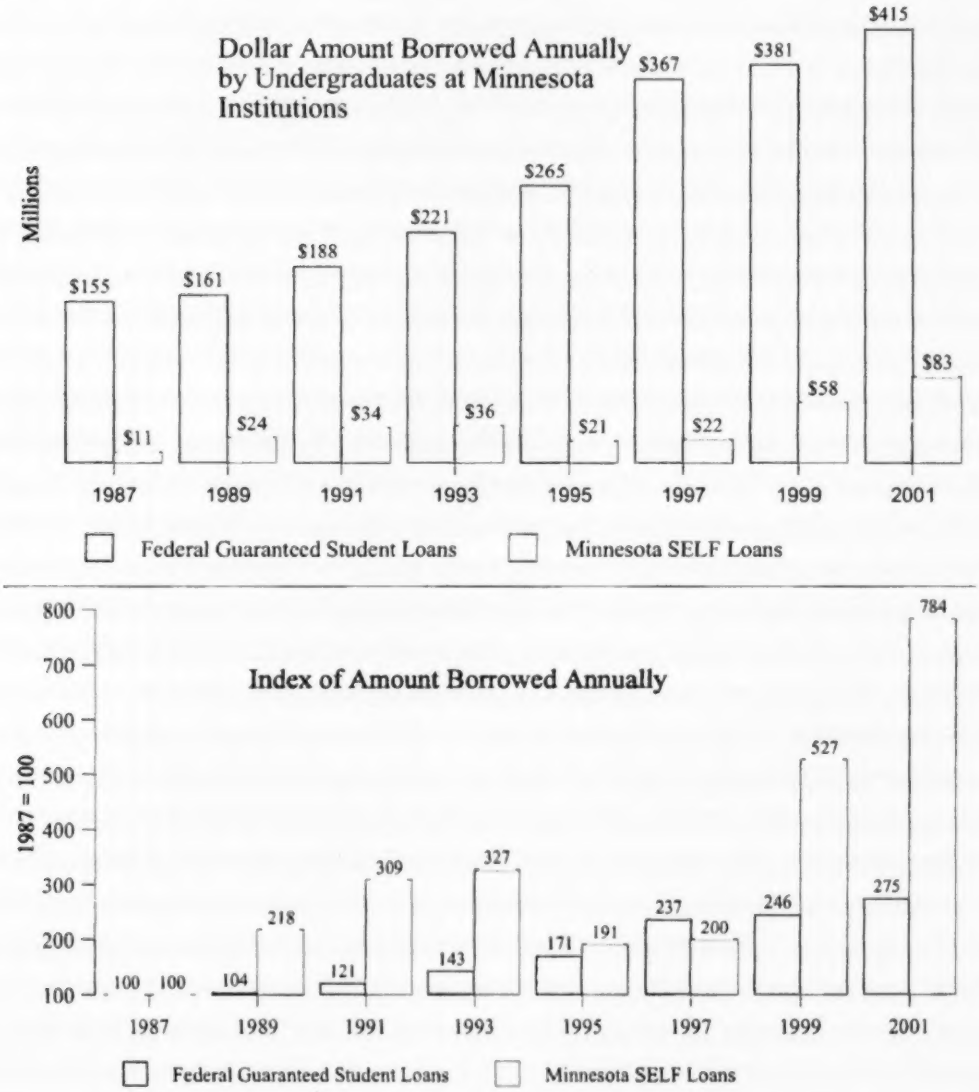
Figure 9. Loan Amounts Received by Undergraduates Attending Minnesota Institutions by Program, 2001



*includes Federal Family Education Loans (FFEL) and William D. Ford Direct Loans.

Source: Minnesota Higher Education Services Office

Figure 10. Minnesota SELF Loan Borrowing Increased Faster than Federal Guaranteed Student Loan Borrowing



Source: Minnesota Higher Education Services Office

Earnings from Work Study and Campus Jobs

Students earned current income to pay for part of their price of attending college through work study jobs, campus jobs, and off-campus jobs.

Work Study

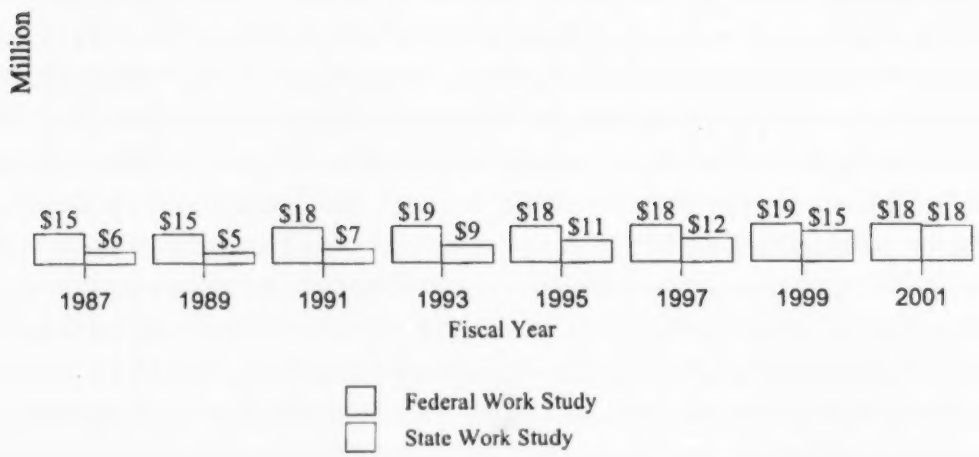
Work study jobs were arranged by post-secondary institutions with subsidies from the federal or state government. Most work study positions were sponsored by institutions, but a small percentage were with non-profit agencies and other off-campus employers. About 17,000 students earned $18 million in federal work study jobs in Fiscal Year 2001. About 11,000 students earned $17.5 million in state work study jobs in the same year, as shown in Figure 11.

Other Jobs

Students also had earnings from campus jobs that were not subsidized. The institution was the employer for some campus jobs, but other organizations, such as food services contractors, also employed students on campus.

In addition, students had earnings from off-campus jobs. The amounts students earned on campus in non work study jobs and off campus are not known, but they are estimated to be much greater than student work study earnings.

Figure 11. Work Study Earnings Received by Undergraduates Attending Minnesota Institutions



Source: Minnesota Higher Education Services Office

Additional Information

Additional information, including information about financial aid awarded by each post-secondary institution, can be obtained in the ***Report of the Financial Aid Awarded Survey, Fiscal Year 2001***. The report is available from the Higher Education Services Office upon request and on the Internet at:
www.mheso.state.mn.us/cfdocs/webdirectory/Common/Templates/MasterPg.cfm?PageID=511.

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